



DATE: September 14, 2005 REPORT NO. CCDC-05-34

ATTENTION: Chair and Members of the Redevelopment Agency
Docket of September 20, 2005

SUBJECT: Fiscal Year 2006 Budget Amendment –
Centre City Redevelopment Project

REFERENCE: None

STAFF CONTACT: Frank Alessi, Vice President and Chief Financial Officer

SUMMARY

Issue - Should the Redevelopment Agency approve an amendment to the Centre City Redevelopment Project Fiscal Year 2006 ("FY06") Budget increasing the line item Land Acquisition by \$8.6 million, decreasing the provision for Remediation, Fee Waivers, EIR Mitigation relating to the Ballpark by \$4 million, decreasing Quality of Life Projects by \$3.6 million and decreasing the provision for payments to Taxing Entities by \$1 million?

Staff Recommendation - That the Redevelopment Agency approve an amendment to the FY06 Budget increasing the line item Land Acquisition by \$8.6 million, decreasing the provision for Remediation, Fee Waivers, EIR Mitigation relating to the Ballpark by \$4 million, decreasing Quality of Life Projects by \$3.6 million and decreasing the provision for payments to Taxing Entities by \$1 million.

Centre City Development Corporation Recommendation ("CCDC") – On September 7, 2005, the CCDC Board is scheduled to hear this item.

Other Recommendations - None.

Fiscal Impact – Funds are available in the FY06 budget from: the line item for Quality of Life Projects, the provision for Fee Waivers, Remediation, and EIR Mitigation as a result of saving during implementation of the Ballpark; and the provision for payments to Taxing Entities as a result of actual calculations for payments based on tax increment receipts. The additional \$8.6 million, combined with an existing budget of \$8.3 million for land acquisition in the FY06 Budget, will provide the necessary amount to return the amount advanced by the San Diego Unified Port District ("Port") including interest.

BACKGROUND

The Purchase and Sale Agreement and Joint Escrow Instructions ("Agreement") dated February 6, 2002, between the City and the Port relating to Tailgate Park was not completed by April 4, 2004 as contemplated by the Agreement. Title has not been conveyed to the Port and the City has elected to terminate the Agreement pursuant to the terms of the Agreement. The repayment of funds obligated pursuant to the Agreement is being satisfied by the Redevelopment Agency. The Agency holds title to the property. The termination letter has been delivered to the Port and, at this time, the Agency is obligated to pay \$15,570,230 plus interest estimated at \$1.250 million based on the terms of the Agreement.

To facilitate the payment, a budget amendment to the Centre City Redevelopment Project Area is necessary, increasing the provision for Land Acquisition by \$8.6 million bringing the total Land Acquisition line item to \$16.9 million.

SUMMARY AND CONCLUSION

Staff recommends that the Redevelopment Agency approve the referenced budget amendment to the FY06 Budget.

Respectfully submitted,

Concurred by:

Frank J. Alessi
Vice President and Chief Financial Officer

Peter J. Hall
President